

EMPLOYMENT AND LABOR

<Corporation for National and Community Service

<Increase Women's Pay

<Increase Trade Adjustment Assistance

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Background

In his budget for fiscal year 2001, the President is expected to request another big increase – this time of nearly \$120 million – for the Corporation for National and Community Service [CNS], which will bring the total to over \$850 million.

CNS administers programs authorized under the National and Community Service Act of 1990 [NCSA] and the Domestic Volunteer Service Act of 1973 [DVSA]. Appropriations for the NCSA programs, the largest of which is AmeriCorps, are included in the VA-HUD appropriations bill. The DVSA programs – VISTA and the National Senior Service Corps – are funded under the Labor/HHS appropriations bill.

Authorization for CNS and programs authorized by the NCSA expired at the end of fiscal year 1996. Since then, continued program activity has occurred unauthorized through the appropriation process.

After the statutory 0.38-percent government-wide discretionary spending cut, the fiscal year 2000 appropriation for CNS is \$731.7 million. The appropriation for AmeriCorps is \$234 million.

Key Points

- < The largest share of the requested \$120 million increase is \$73 million for the much debated AmeriCorps program. But since the last Democrat budget (fiscal year 1995), funding for AmeriCorps has actually risen from \$219 million to \$234 million in fiscal year 2000. Now, the President wants to more than double AmeriCorps from its current level of 40,000 paid volunteers to 100,000 over the next 4 years. The \$73 million is presumably just the first installment of many additional growing increases.
- < The plan for the National Senior Service Corps is similar. The President's budget proposes a \$10-million expansion. But the Republican Congress in fiscal year 2000 appropriated \$183.5 million, more than the last Democrat Congress by almost \$48 million.

New Programs

- < Additionally, the President is proposing \$5 million to create a new program, branded the “AmeriCorps Reserves,” using the defined mission of the military reserves as justification to engage former AmeriCorps members “in times of national need.” Former AmeriCorps members would serve in the reserve corps on weekends and/or after work, and would supposedly address national crises, including natural disasters.
 - The National Guard and existing Reserves, FEMA, the American Red Cross, local police, and fire personnel already provide trained individuals to respond to natural disasters.
 - AmeriCorps’ paid volunteers, many of whom have received “credit” for totally unrelated activities (babysitting, singing in a church choir, etc.), are not trained for rendering emergency assistance.
- < Community Coaches, a new \$5 million grant program, is modeled after a successful private sector program called *Do Something*. Currently, the privately funded *Do Something* organization is supporting community coaches in 100 schools in 75 communities across the country. The organization strives to connect young people to civic life.
- < A new proposal of \$3 million for Youth Empowerment Grants also appears to be modeled after a program already in place and being funded by *Do Something*.
- < The President is also requesting \$7.5 million in Federal support for Colin Powell’s America’s Promise organization, which has been privately established and is succeeding on its own.

Waste, Fraud, Abuse, and Mismanagement

- < From 1994 through 1996, CNS’s balance sheets were unauditable.
- < In 1997 and 1998, the CNS IG attempted a full-scope audit, but the auditors were only able to issue an opinion on the balance sheets.
- < An independent audit of the fiscal year 1998 records of CNS found that it did not have strong financial management in place to provide the leadership and oversight necessary for effective control of accounting and financial reporting functions. The audit also reported that procedures for monitoring grantee’s financial activity and compliance with regulations was not adequate.
- < On May 5, 1999, the CNS Inspector General [IG] stated, in testimony before the House Education and Workforce Subcommittee on Oversight and Investigations, that “the audit report cited eight areas of the Corporation’s financial operations as materially weak: financial management and reporting; the Corporation’s general control environment;

grants management; financial systems; the National Service Trust; fund balance with Treasury; net position reporting; and inadequate procedures to properly record and report revenue from reimbursable agreements.”

- < The IG reported that “as a result of the financial management weaknesses, material adjustments ranging from \$1.4 million to \$106 million were necessary to correct amounts reported in the financial statements.”
- < From June 6 through June 9, 1999, the CNS and the Points of Light Foundation jointly sponsored a National Community Service Conference held at Caesar’s Palace Hotel in Las Vegas. The Oversight and Investigations Subcommittee estimated the total cost to taxpayers for this conference at \$1,019,491. More than 100 CNS employees attended the conference, as well as many CNS consultants.

INCREASE WOMEN’S PAY

Background

The President proposes to increase spending by \$27 million on this initiative, which would include the following:

- < \$10 million for “training and technical assistance” to Equal Employment Opportunities Commission [EEOC] employees to more aggressively interpret and enforce statutory equal pay requirements.
- < \$17 million for the Department of Labor to train women in “nontraditional” jobs, and expand women’s “access to high-quality employment-related information.”

Key Points

- < The President argues for this proposal by positing that discrimination is responsible for women’s average earning being only 75 percent that of men.
 - In fact, the overwhelming majority of academic studies have shown that differences in education, work force attachment, and career paths account for almost all of this discrepancy in income.
 - The President presents no evidence that women are not receiving equal pay for equal work.
- < All Americans, *both women and men*, deserve the chance to participate in any Federal program aimed at broadening employment opportunities.

INCREASE TRADE ADJUSTMENT ASSISTANCE

Background

The President's budget proposes to expand the Trade Adjustment Assistance [TAA] program to cover workers who lose their jobs not only because of a plant closing or business bankruptcy due to foreign competition, but as well to persons losing jobs as a result of production shifting abroad, even when the domestic company continues to operate in the same location. Together with other proposed benefit expansions within the program, the administration's proposals would cost \$459 million over 5 years.

Key Points

- < The unemployment rate in the United States reached a 30 year low in February of 4 percent. Many areas suffer from labor shortages, and companies report that they now are willing to hire persons previously considered unemployable, such as those on welfare with no prior work experience.
- < Trade Adjustment Assistance provides up to 78 weeks of unemployment benefits for workers who lose their jobs as a result of foreign competition. Persons whose job losses cannot be blamed on foreign competition can obtain only 26 weeks of unemployment benefits.
- < A 1993 evaluation of the training components of the program by the Department of Labor Inspector General determined that neither the Labor Department nor the States could demonstrate that the program was effective in helping unemployed workers find suitable employment.
- < The Inspector General's audit found that only one in ten of former TAA participants surveyed found new training-related employment that paid suitable wages.
- < The IG also noted that although the program requires participants to enroll in approved training courses to obtain cash benefits, participants who did not wish to attend training were almost always granted waivers to continue receiving the income support allowance.